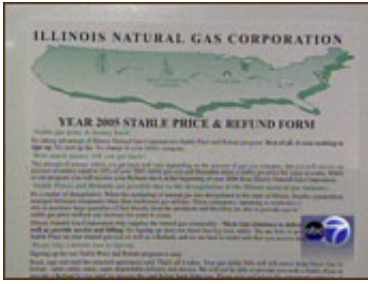


Natural gas company accused of deceptive marketing



By Paul Meincke

April 14, 2005 — A letter circulating in Chicago promises natural gas customers a rebate if they switch their service but there is a catch. The company making the offer is legitimate but some say it's using deceptive marketing. Now the state is investigating.

The Illinois Natural Gas Corporation is a private company and one of 11 alternative natural gas suppliers in the state. It's a very new company and its effort to win customers has done more than raise eyebrows.

A letter has been sent to natural gas customers throughout the Chicago area. The word refund is prominent in the letter. If you sign up -- Illinois Natural Gas Corporation says your refund will be equal to 10-percent of your 2005 stable gas cost.

Because the company can purchase large quantities of natural gas on the open market, the letter says it's able to provide you with a refund. A companion letter pledges that your refund will be sent at the beginning of 2006.

If you read the small print on the back, you'll find that by signing the form, you're agreeing to become a customer of Illinois Natural Gas Corp for five years, and if you were to leave them, you could get socked with a sizable penalty.

"This is deceptive marketing -- pure and simple. It's some of the most deceptive we've ever seen in the gas industry," said Marty Cohen, citizens utility board.

The Citizens Utility Board says it's received some 200 calls and complaints about the letter. The Illinois Commerce Commission and Attorney General's Office have also received complaints.

The Commerce Commission has certified the Illinois Natural Gas Corporation as an alternative natural gas supplier -- legal to do business in Illinois. The company shares a Loop office, but no one there could answer questions.

"A check in the mail to everyone," said Cohen.

ABC7 News was able to reach the company's chief officer by phone in Florida. Michael Kotlajic insists that "every single person who signs will get a refund" and that his sign-up circular is not misleading. He says if customers read everything -- meaning the small print -- they'll reach correct conclusions.

The fine print includes a penalty if you cancel your five-year contract.

"If you cancel the contract for any reason, they will charge you 15 cents per thermo for all the remaining therms you haven't used for five year. It could amount to almost \$1,000 in extra costs for the typical customer. It is really outrageous," said Cohen.

Kotlajic says it's not outrageous, it's a good deal, and he says he's unconcerned with the criticism. Still the state commerce commission issued a written statement Thursday saying, "It's reviewing the company's marketing materials based on informal consumer complaints." And the attorney general's office is also looking into it.

Bob Hickerson is a customer of Nicor Gas and is happy with their service, but was intrigued when a couple of days ago he received a letter from a competing company, Illinois Natural Gas Corporation. "By the time I finally was able to read the fine print, I would describe the terms that it suggests as being not in the customer's best interest," said Hickerson.

Hickerson wants other consumers to proceed with caution.

"Nobody should sign up for it without reviewing it with either their lawyer or someone who knows gas contracts because this is not a good one," Hickerson said.

You can see the ABC7 report by clicking on the video icon above. You will need Windows Media Player 9 or higher to view this video. You can get it [FREE by clicking here](#). **NOTE: Video clips will only be available for 5-days from the date they were created. ALSO: Video clips will play in a separate window on Mac OS X machines, you may also see a video help screen.**

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